

Indiana House of Representatives

News and Information

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KLINKER BILL ON DEDUCTIONS FOR EDUCATION SAVINGS PASSED OUT OF COMMITTEE

INDIANAPOLIS -- House Bill 1566, legislation coauthored by State Rep. Sheila Klinker (D-Lafayette), unanimously passed out of the House Ways and Means Committee this week. The bill will provide that up to \$2,000 in contributions to a family's College Choice Plan Savings Account may be deducted from their adjusted gross income. At the moment, no tax deductions are allowed on contributions that families make into the College Choice Plan.

The College Choice Plan was created through federal legislation that allows each state to set up a program that gives its citizens the opportunity to save money for education without paying taxes on the earnings from these savings. In 2004, every state had started a tax-exempt savings program for college savings.

Over half of the states offer adjusted gross income tax deductions on college savings. The amount of the deduction varies from state to state.

"In order for Indiana's economy to be stronger, there needs to be a well-educated workforce," said Klinker. "By making education more affordable for all Hoosiers, we will be supplying the skilled workforce that is so necessary."

The bill also does some technical housecleaning, including a reduction in the number of appointed directors of the education savings authority from five to three.

"Education is one of the most important values that parents can instill in their children," said Klinker. "We should do everything in our power to encourage people to invest in the education of their children."

House Bill 1566 now moves to the House for further consideration.